

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TOWNSHIP OF TILDEN

NATIONAL MINE, MICHIGAN

Year ended March 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

| | | | |
|---|--------------------------------|--|----------------------------|
| Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other | | Local Government Name Tilden Township | County Marquette |
| Audit Date 3/31/04 | Opinion Date 7/12/04 | Date Accountant Report Submitted to State: 7/23/04 | |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

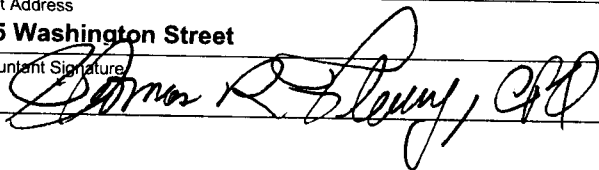
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report or comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

| | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations. | ✓ | | |
| Reports on individual federal financial assistance programs (program audits). | | | ✓ |
| Single Audit Reports (ASLGU). | | | ✓ |

| | | | |
|---|--|--------------------------|------------------------|
| Certified Public Accountant (Firm Name) Thomas R. Fleury, C.P.A. | | | |
| Street Address 595 Washington Street | | City Ishpeming | State MI |
| Accountant Signature  | | ZIP 49849-0267 | Date 7/23/04 |

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Michigan Association of C.P.A.'s

INDEPENDENT AUDITOR'S REPORT

July 12, 2004

The Honorable Supervisor and Members
Township of Tilden Board
Marquette County, Michigan

I have audited the accompanying general purpose financial statements of the TOWNSHIP OF TILDEN as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted by the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for an opinion.

In my opinion, the general purpose financial statements referred to above, present fairly, in all material respects, the financial position of the TOWNSHIP OF TILDEN at March 31, 2004, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted by the United States of America.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.


Certified Public Accountant

TOWNSHIP OF TILDEN
COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS

March 31, 2004

| | Governmental Fund Types | |
|---|-------------------------|--------------------|
| | General | Special Revenue |
| ASSETS | | |
| Cash on hand and in banks | \$ 201,688 | \$ 300,481 |
| Investments | - | 608,533 |
| Receivables (net of allowance for uncollectibles): | | |
| Delinquent taxes | 2,795 | 4,085 |
| Accounts | - | 98 |
| Due from other funds: | | |
| General Fund | - | 29,928 |
| Water Fund | - | 164,516 |
| Prepaid expenses | - | - |
| Fixed assets - net of depreciation | - | - |
| Amount to be provided for retirement of long-term debt | - | - |
| | ----- | ----- |
| TOTAL ASSETS | \$ 204,483 | \$ 1,107,641 |
| | ===== | ===== |
| LIABILITIES AND FUND EQUITY | | |
| Accounts payable | \$ 5,220 | \$ 7,873 |
| Due to other funds: | | |
| Special Revenue Funds | 29,928 | - |
| Water Fund | - | - |
| Accrued sick leave | - | - |
| Due to other governmental units | - | - |
| Bonds payable | - | - |
| | ----- | ----- |
| TOTAL LIABILITIES | \$ 35,148 | \$ 7,873 |
| FUND EQUITY | | |
| Investment in general fixed assets | \$ - | \$ - |
| Retained earnings | - | - |
| Fund balances: | | |
| Unreserved | 108,382 | 357,168 |
| Reserved | 60,953 | 742,600 |
| | ----- | ----- |
| TOTAL FUND EQUITY | \$ 169,335 | \$ 1,099,768 |
| | ----- | ----- |
| TOTAL LIABILITIES AND FUND EQUITY | \$ 204,483 | \$ 1,107,641 |
| | ===== | ===== |

| Proprietary Fund Types | Fiduciary Fund Types | Account Groups | | Totals |
|---------------------------|-------------------------|----------------------------|------------------------------|----------------------|
| Enterprise Funds | Trust and Agency | General Fixed Assets | General Long-Term Debt | (Memorandum Only) |
| \$ 402 | \$ 157 | \$ - | \$ - | \$ 502,728 |
| - | - | - | - | 608,533 |
| - | - | - | - | 6,880 |
| 2,580 | - | - | - | 2,678 |
| - | - | - | - | 29,928 |
| - | - | - | - | 164,519 |
| 260,011 | - | 638,360 | - | 898,371 |
| - | - | - | 17,303 | 17,303 |
| ----- | ----- | ----- | ----- | ----- |
| \$ 262,993 | \$ 157 | \$ 638,360 | \$ 17,303 | \$ 2,230,937 |
| ===== | ===== | ===== | ===== | ===== |
| \$ 3,909 | \$ - | \$ - | \$ - | \$ 17,002 |
| - | - | - | - | 29,928 |
| 164,516 | - | - | - | 164,516 |
| - | 157 | - | 3,085 | 3,085 |
| - | - | - | - | 157 |
| - | - | - | 14,218 | 14,218 |
| ----- | ----- | ----- | ----- | ----- |
| \$ 168,425 | \$ 157 | \$ - | \$ 17,303 | \$ 228 906 |
| \$ - | \$ - | \$ 638,360 | \$ - | \$ 638,360 |
| 94,568 | - | - | - | 94,568 |
| - | - | - | - | 465,550 |
| - | - | - | - | 803,553 |
| ----- | ----- | ----- | ----- | ----- |
| \$ 94,568 | \$ - | \$ 638,360 | \$ - | \$ 2,002,031 |
| ----- | ----- | ----- | ----- | ----- |
| \$ 262,993 | \$ 157 | \$ 638,360 | \$ 17,303 | \$ 2,230,937 |
| ===== | ===== | ===== | ===== | ===== |

See notes to financial statements.

TOWNSHIP OF TILDEN

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

Year ended March 31, 2004

| | Governmental Fund Types | | Totals |
|--------------------------------------|-------------------------|--------------------|----------------------|
| | General | Special Revenue | (Memorandum Only) |
| Revenues: | | | |
| Taxes | \$ 162,815 | \$ 165,099 | \$ 327,914 |
| Intergovernmental | 78,907 | - | 78,907 |
| Other | 10,491 | 32,285 | 42,776 |
| | | | |
| TOTAL REVENUES | \$ 252,213 | \$ 197,384 | \$ 449,597 |
| Expenditures: | | | |
| Township board | \$ 3,397 | \$ - | \$ 3,397 |
| Supervisor | 8,265 | - | 8,265 |
| Election expense | - | - | - |
| Assessor | 39,978 | - | 39,978 |
| Clerk | 7,974 | - | 7,974 |
| | | | |
| Board of review | 354 | - | 354 |
| Treasurer | 11,585 | - | 11,585 |
| Township hall | 50,940 | - | 50,940 |
| Garage and vehicles | 52,364 | - | 52,364 |
| Police protection | - | 34,284 | 34,284 |
| Fire protection | - | 24,617 | 24,617 |
| | | | |
| Sanitation | - | 49,789 | 49,789 |
| Animal control | 502 | - | 502 |
| Planning and zoning | 483 | - | 483 |
| Highways and streets | 22,709 | 269 | 22,978 |
| Parks and recreation | 1,107 | 10,396 | 11,503 |
| Other | 67,999 | - | 67,999 |
| | | | |
| TOTAL EXPENDITURES | \$ 267,657 | \$ 119,355 | \$ 387,012 |
| | | | |
| EXCESS REVENUES (EXPENDITURES) | \$ (15,444) | \$ 78,029 | \$ 62,585 |
| Fund balance at beginning of year | 184,779 | 1,021,739 | 1,206,518 |
| | | | |
| FUND BALANCE AT END OF YEAR | \$ 169,335 | \$ 1,099,768 | \$ 1,269,103 |

See notes to financial statements.

TOWNSHIP OF TILDEN

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS TYPES

Year ended March 31, 2004

| | General Fund | | | - Special Revenue | | |
|--------------------------------------|--------------|--------------|--|-------------------|--------------|--|
| | Budget | Actual | Variance - Favorable (Unfavorable) | Budget | - Actual- | Variance - Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Taxes | \$ 161,360 | \$ 162,815 | \$ 1,455 | \$ 163,494 | \$ 165,099 | \$ 1,605 |
| Intergovernmental | 84,000 | 78,907 | (5,093) | - | - | - |
| Other | 11,500 | 10,491 | (1,009) | 32,600 | 32,285 | (315) |
| TOTAL REVENUES | \$ 256,860 | \$ 252,213 | \$ (4,647) | \$ 196,094 | \$ 197,384 | \$ 1,290 |
| Expenditures: | | | | | | |
| Township board | \$ 3,581 | \$ 3,397 | \$ 184 | \$ - | \$ - | \$ - |
| Supervisor | 11,465 | 8,265 | 3,200 | - | - | - |
| Assessor | 39,300 | 39,978 | (678) | - | - | - |
| Clerk | 9,165 | 7,974 | 1,191 | - | - | - |
| Board of review | 450 | 354 | 96 | - | - | - |
| Treasurer | 10,325 | 11,585 | (1,260) | - | - | - |
| Township hall | 55,900 | 50,940 | 4,960 | - | - | - |
| Garage and vehicle | 38,400 | 52,364 | (13,964) | - | - | - |
| Police | - | - | - | 33,000 | 34,284 | (1,284) |
| Fire protection | - | - | - | 23,928 | 24,617 | (689) |
| Sanitation | - | - | - | 45,992 | 49,789 | (3,797) |
| Animal control | 100 | 502 | (402) | - | - | - |
| Planning and zoning | 425 | 483 | (58) | - | - | - |
| Highways and streets | 20,000 | 22,709 | (2,709) | 56,500 | 269 | 56,231 |
| Parks and recreation | 3,000 | 1,107 | 1,893 | 5,200 | 10,396 | (5,196) |
| Other | 64,450 | 67,999 | (3,549) | - | - | - |
| TOTAL EXPENDITURES | \$ 256,561 | \$ 267,657 | \$ (11,096) | \$ 164,620 | \$ 119,355 | \$ 45,265 |
| EXCESS REVENUES (EXPENDITURES) | \$ 299 | \$ (15,444) | \$ (15,743) | \$ 31,474 | \$ 78,029 | \$ 46,555 |
| Fund balance at beginning of year | | 184,779 | | | \$1,021,739 | |
| FUND BALANCE AT END OF YEAR | | \$ 169,335 | | | \$1,099,768 | |

See notes to financial statements.

TOWNSHIP OF TILDEN
 COMBINED STATEMENT OF INCOME, EXPENSES AND
 CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
 Year ended March 31, 2004

INCOME

| | |
|-------------|-----------|
| Water sales | \$ 65,909 |
| | ----- |

| | |
|--------------|-----------|
| TOTAL INCOME | \$ 65,909 |
|--------------|-----------|

EXPENSES

| | |
|--------------------|-----------|
| Salaries and wages | \$ 11,581 |
| Payroll taxes | 882 |
| Pension | 553 |

| | |
|-----------------------------|--------|
| Operating supplies | 1,697 |
| Water purchases and testing | 28,615 |
| Contractual services | 180 |
| Utilities and telephone | 12,975 |

| | |
|----------------------------|--------|
| Repair and maintenance | 1,266 |
| Other operating expenses | 2,351 |
| Provision for depreciation | 16,923 |
| | ----- |

| | |
|----------------|-----------|
| TOTAL EXPENSES | \$ 77,023 |
| | ----- |

| | |
|-------------------------|-------------|
| OPERATING PROFIT (LOSS) | \$(11,114) |
| | ----- |

NON OPERATING REVENUES (EXPENSES)

| | |
|------------------|--------|
| Interest income | \$ 10 |
| Interest expense | (218) |
| | ----- |

| | |
|---|----------|
| TOTAL NON OPERATING REVENUES (EXPENSES) | \$(208) |
| | ----- |

| | |
|-------------------|-------------|
| NET INCOME (LOSS) | \$(11,322) |
|-------------------|-------------|

RETAINED EARNINGS

| | |
|--------------------------|---------|
| Balance at April 1, 2003 | 105,890 |
| | ----- |

| | |
|---------------------------|-----------|
| BALANCE AT MARCH 31, 2004 | \$ 94,568 |
| | ===== |

See notes to financial statements.

TILDEN TOWNSHIP - WATER FUND
 COMBINED STATEMENT OF CASH FLOWS -
 ALL PROPRIETARY FUND TYPES
 For the Year Ended March 31, 2004

| | <u>Proprietary Fund Types</u> |
|--|-----------------------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | |
| Net Income (Loss) for the year | \$(11,323) |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Provision for depreciation | \$ 16,923 |
| (Increase) decrease in accounts receivable | (66) |
| (Increase) decrease in due from other funds | 30 |
| Increase (decrease) in accounts payable | (4,600) |
| Increase (decrease) due to other funds | 76,583 |
| | <hr/> |
| TOTAL ADJUSTMENTS | \$ 88,870 |
| | <hr/> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 77,547 |
| | <hr/> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | |
| Acquisition of fixed assets | \$(78,933) |
| | <hr/> |
| NET CASH (USED) BY INVESTING ACTIVITIES | \$(78,933) |
| | <hr/> |
| NET (DECREASE) IN CASH | \$(1,386) |
| Cash balance at April 1, 2003 | 1,788 |
| | <hr/> |
| CASH BALANCE AT MARCH 31, 2004 | \$ 402 |
| | <hr/> <hr/> |

See notes to financial statements.

TOWNSHIP OF TILDEN
NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies of the Township of Tilden:

1. Financial Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board Statement No. 14 entitled "The Financial Reporting Entity" a governmental financial reporting entity consists of a primary government, such as a general purpose local government, and component units, which are defined as units for which the primary government is financially accountable. The primary government is financially accountable if it appoints a voting majority of a component's governing body, and there is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

As required by generally accepted accounting principles, the financial statements of the reporting entity includes those of the Township of Tilden (the primary government). However, there are no units which qualify as component units as defined above.

2. Fund Accounting

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The various funds are grouped, in the financial statements in this report, as follows:

Governmental Funds:

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Proprietary Funds:

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Fiduciary Funds:

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Township as an agent for other governmental units and other funds. These agency funds are custodial in nature and do not involve measurement of results of operations.

Account Groups:

General Fixed Asset Account Group - This account group presents the fixed assets of the local unit utilized in its general operations.

General Long-Term Debt Account Group - This account group presents the balance of general obligation long-term debt which is not recorded in proprietary funds.

3. Measurement Focus

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. No depreciation has been provided on general fixed assets.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activities are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary funds balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. Fixed assets and their related accumulated depreciation, by major classification are as follows:

| | Cost | Accumulated Depr. | Current Depr. | Estimated Lives |
|---------------------------|---------|----------------------|------------------|--------------------|
| Water distribution system | 357,897 | 113,943 | 13,609 | 7-20 years |
| Machinery and equipment | 40,716 | 35,159 | 3,314 | 7-10 years |

4. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Agency Funds are accounted for using the cash basis of accounting. Since Agency Funds do not involve measurement of results of operations, there are no revenue or expenditure accounts.

5. Budgets and Budgetary Accounting

The township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. In February, the Township Supervisor submits to the Township Board, a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
- b. A public hearing is conducted to obtain taxpayer comments.
- c. Prior to April 1, the budget is legally enacted by resolution.
- d. Any revision that alters the original budget of any fund must be approved by the Township Board.
- e. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- f. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles.
- g. Budget appropriations lapse at the end of each fiscal year.
- h. Budgeted amounts are stated as originally adopted or as amended by the Township Board.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the governmental unit.

Investments are stated at cost or amortized cost.

7. Inventory

Inventories are not significant and have not been recognized in any of the funds.

8. Due from Other Funds

Due from other funds represent current interfund loans receivable and are considered "available spendable resources."

9. Accumulated Unpaid Vacation and Sick Leave

The Township does not allow employees to accumulate unused vacation. Sick leave may be accumulated up to a maximum of 30 days. At March 31, 2004, accumulated sick leave amounted to \$ 3,085. This amount is shown as a liability in the General Long-Term Debt Account Group.

10. Fund Balance Reserves

Fund balance reserves in the General Fund total \$ 60,953 and represent amounts to be used for capital outlay and budget stabilization.

Fund balance reserves in the Special Revenue Funds represent amounts reserved in the Road Fund for payment of the long-term bonds to the Marquette County Solid Waste Management Authority and the long-term contracts payable to the Marquette County Road Commission.

11. Total Columns on Combined Statements

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - CASH AND INVESTMENTS

The captions on the combined balance sheet relating to cash and investments and the amounts in the total "Memorandum Only" are as follows:

| | |
|-------------------------|--------------|
| Total (Memorandum Only) | |
| Cash in bank | \$ 502,728 |
| Investments | 608,533 |
| | ----- |
| Total | \$ 1,111,261 |
| | ===== |

A summary of deposits by type are:

| | |
|--------------------------|--------------|
| Cash in demand accounts | \$ 788 |
| Cash in savings accounts | 330,617 |
| Certificates of deposit | 171,323 |
| Investments | 608,533 |
| | ----- |
| Total | \$ 1,111,261 |
| | ===== |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

These deposits are in three financial institutions and to brokerage firms located in the County of Marquette in varying amounts. All accounts are in the name of the Township and a specific fund or common account. They are recorded in Township records at cost. Interest is recorded when the deposits mature or is credited to the applicable account.

Statutory Authority

Act 217, PA 1982, authorizes the Township to deposit and invest in:

- (a) bonds and other direct obligations of the United States or its agencies
- (b) certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under Section 5 or 6 of Act 105, PA 1855, as amended (MCL 21.145 and 21.146)
- (c) commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time
- (d) United States government or federal agency obligation repurchase agreements
- (e) banker's acceptance of United States banks
- (f) mutual funds composed of investments which are legal for direct investments by local units of government in Michigan

The Township's investments are in accordance with statutory authority.

Michigan law (Section 3, Act 40, PA 1932, as amended) prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

At year end, the Township's cash and cash equivalents bank balance was \$ 502,728 of which \$ 271,954 was insured by the Federal Deposit Insurance Corporation (FDIC) Regulation number 330.8 The remaining balance of \$ 230,774 was uninsured and uncollateralized. This regulation in summary provides that deposits of a governmental unit are insured for the lesser of the amount of the combined deposit or \$100,000 demand deposits and \$100,000 timed deposits in every financial institution that is not a branch location that is a member of the FDIC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Investments

Investments made by the Township are summarized below. The investments that are represented by specific identifiable investments securities are classified as to credit risk within the following two categories:

Category 1: Insured or registered, or securities held by the Township or its agent in the Township's name.

Category 2: Uninsured and unregistered with securities held by the counterparty's trust department or agent in the Township's name.

| Investment Type | Risk Category | | Carrying Value | Market Value |
|----------------------------|---------------|------|----------------|--------------|
| | 1 | 2 | | |
| Governmental Funds: | | | | |
| Certificates of Deposit | \$ 171,323 | \$ - | \$ 171,323 | \$ 171,323 |
| U.S. Government Securities | 608,533 | - | 608,533 | 627,560 |
| Total Investments | \$ 779,856 | \$ - | \$ 779,856 | \$ 798,883 |

NOTE C - ALLOWANCE FOR LOSSES ON RECEIVABLES

Receivables are shown net of allowance for uncollectables on the combined balance sheet. Allowance for uncollectable accounts amounted to \$ 2,904 in the General Fund and \$ 695 in the Enterprise Fund.

NOTE D - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets is as follows:

| | Balance April 1, 2003 | Additions | Deductions | Balance March 31 2004 |
|---|-----------------------------|-----------|------------|-----------------------------|
| Land | \$ 35,150 | \$ - | \$ - | \$ 35,150 |
| Landscaping | 71,922 | - | - | 71,922 |
| Township hall | 162,542 | - | - | 162,542 |
| Township garage | 31,160 | - | - | 31,160 |
| Recreational building and facilities | 180,006 | - | - | 180,006 |
| Vehicles | 83,498 | - | - | 83,498 |
| Machinery and equipment | 28,244 | - | - | 28,244 |
| Office furniture and equipment | 31,638 | - | - | 31,638 |
| Maintenance equipment | 4,000 | - | - | 4,000 |
| Voting mach's & software | 10,200 | - | - | 10,200 |
| | \$638,360 | \$ - | \$ - | \$ 638,360 |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE E - CHANGES IN LONG-TERM DEBT

Long-term debt at March 31, 2004 consisted of:

| | Balance April 1, 2003 | Additions | Deductions | Balance March 31, 2004 |
|--|-----------------------------|-----------|------------|------------------------------|
| Marquette County Solid Waste Authority Bonds \$ | 15,948 | \$ - | \$ 1,730 | \$ 14,218 |
| Accrued sick leave | 2,995 | 1,945 | 1,855 | 3,085 |
| | ----- | ----- | ----- | ----- |
| Totals | \$ 18,943 | \$ 1,945 | \$ 3,585 | \$ 17,303 |
| | ===== | ===== | ===== | ===== |

NOTE F - MARQUETTE COUNTY SOLID WASTE MANAGEMENT AUTHORITY

The Township of Tilden and most other municipalities located in Marquette County formed the Marquette County Solid Waste Management Authority on June 16, 1988. The purpose of the Authority is to acquire, construct, establish, and implement a solid waste disposal system to be located in Marquette County. The Authority is governed by a Board of Trustees made up of members from the participating municipalities. The Township paid \$40,142 for the year ended March 31, 1989, which represented their share of the original estimated construction costs. However, construction cost overruns were financed by the Authority through the sale of bonds to the Michigan Municipal Bond Authority. The Township of Tilden is responsible for the repayment of \$28,920 of construction cost overruns. A schedule of the Township's remaining payments on the bonds is as follows:

| | May 1 | | November 1 | |
|--------|-----------|----------|------------|-----------|
| | Principal | Interest | Interest | Total |
| | ----- | ----- | ----- | ----- |
| 2004 | \$ 1,892 | \$ 485 | \$ 434 | \$ 2,811 |
| 2005 | 2,054 | 431 | 376 | 2,861 |
| 2006 | 2,271 | 373 | 260 | 2,904 |
| | ----- | ----- | ----- | ----- |
| 2007 | 2,433 | 258 | 196 | 2,887 |
| 2008 | 2,649 | 195 | 73 | 2,917 |
| 2009 | 2,919 | 73 | - | 2,992 |
| | ----- | ----- | ----- | ----- |
| TOTALS | \$ 14,218 | \$ 1,815 | \$ 1,339 | \$ 17,372 |
| | ===== | ===== | ===== | ===== |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE G - LONG-TERM CONTRACTS PAYABLE

The Township enters into contracts for road construction with the Marquette County Road Commission. Terms of the contract call for the Marquette County Road Commission to upgrade specified county roads with the Township paying a percentage of the actual costs over a period of time. There were no active contracts at March 31, 2004.

The Township budgets for these payments annually and records them as an expenditure in the year paid. The fund balance in the Road Fund is also reserved for these contractual payments.

NOTE H - PROPERTY TAXES

Property taxes are levied on December 1. The Township collects its own property taxes until mid February at which time collection is turned over to Marquette County.

The tax rates levied for the year ended March 31, 2004 on a taxable value of \$ 16,546,752 were as follows:

| | Millage Rate /M | Amount |
|---------------------------------|--------------------|-----------|
| General Operating | 1.3278 | \$ 21,965 |
| Road Fund | .9747 | 16,123 |
| Fire, Garbage and Recreation | .9666 | 15,989 |

NOTE I - RETIREMENT PLAN

The Township adopted a Simplified Pension Plan (SEP) in January of 1985. All employees that have worked for the Township in three of the last five years and received over \$ 374 in compensation during the current year are eligible to participate. For the year ended March 31, 2004, the Township contributed five percent of the gross pay for all eligible employees and elected officials which amounted to \$ 7,453.65.

NOTE J - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains insurance coverage through the Michigan Township Participating Plan which covers each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this coverage in any of the past three years.

NOTE K - NEW WATER SYSTEM

The Township is the process of replacing their current water system. The estimated cost of the project is \$ 2,172,750 and is to be paid for through a grant in the amount of \$ 1,617,000; revenue bonds in the amount of \$ 540,000; and matching funds in the amount of \$ 15,750. The project is scheduled to be started during the summer of 2004 and to be completed by the fall of 2004 or the spring of 2005.

O T H E R
F I N A N C I A L
I N F O R M A T I O N

TILDEN TOWNSHIP - GENERAL FUND
STATEMENT OF BUDGETED AND ACTUAL REVENUES
For the Year Ended March 31, 2004

| | <u>Budget</u> | <u>Actual</u> |
|--|---------------|---------------|
| <u>GENERAL PROPERTY TAXES</u> | | |
| Current tax collections | \$ 22,200 | \$ 21,965 |
| Specific ore tax | 90,160 | 92,067 |
| Swamplands tax | 15,800 | 15,826 |
| Commercial forest | 200 | 292 |
| Delinquent tax collections and interest | 1,600 | 193 |
| Administrative fees | 31,400 | 32,472 |
| | <hr/> | <hr/> |
| TOTAL GENERAL PROPERTY TAXES | \$ 161,360 | \$ 162,815 |
| | <hr/> | <hr/> |
| <u>INTERGOVERNMENTAL REVENUE</u> | | |
| Sales tax | \$ 84,000 | \$ 78,907 |
| | <hr/> | <hr/> |
| TOTAL INTERGOVERNMENTAL REVENUES | \$ 84,000 | \$ 78,907 |
| | <hr/> | <hr/> |
| <u>OTHER REVENUES</u> | | |
| Reimbursements | \$ - | \$ 3,998 |
| Dog licenses | - | - |
| Other charges for services | 2,500 | 2,397 |
| Hall rental | 2,000 | 3,035 |
| Interest on investments | 7,000 | 1,061 |
| Miscellaneous | - | - |
| | <hr/> | <hr/> |
| TOTAL OTHER REVENUES | \$ 11,500 | \$ 10,491 |
| | <hr/> | <hr/> |
| TOTAL REVENUES | \$ 256,860 | \$ 252,213 |
| | <hr/> <hr/> | <hr/> <hr/> |

TILDEN TOWNSHIP - GENERAL FUND
STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES
For the Year Ended March 31, 2004

| | <u>Budget</u> | <u>Actual</u> |
|----------------------------|------------------|------------------|
| <u>TOWNSHIP BOARD</u> | | |
| Salaries and wages | \$ 2,281 | \$ 2,281 |
| Printing and memberships | 1,200 | 1,116 |
| Miscellaneous | 100 | - |
| TOTAL TOWNSHIP BOARD | <u>\$ 3,581</u> | <u>\$ 3,397</u> |
| <u>TOWNSHIP SUPERVISOR</u> | | |
| Salaries and wages | \$ 9,965 | \$ 8,265 |
| Travel | 350 | - |
| Miscellaneous | 1,150 | - |
| TOTAL TOWNSHIP SUPERVISOR | <u>\$ 11,465</u> | <u>\$ 8,265</u> |
| <u>ASSESSOR</u> | | |
| Salaries and wages | \$ 38,500 | \$ 39,326 |
| Office supplies | 200 | 432 |
| Dues and memberships | 250 | 220 |
| Travel | 150 | - |
| Miscellaneous | 200 | - |
| TOTAL ASSESSOR | <u>\$ 39,300</u> | <u>\$ 39,978</u> |
| <u>TOWNSHIP CLERK</u> | | |
| Salaries and wages: | | |
| Clerk | \$ 7,665 | \$ 7,665 |
| Deputy Clerk | 1,000 | 246 |
| Office supplies | 100 | - |
| Travel | 100 | 63 |
| Miscellaneous | 300 | - |
| TOTAL TOWNSHIP CLERK | <u>\$ 9,165</u> | <u>\$ 7,974</u> |

TILDEN TOWNSHIP - GENERAL FUND

STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES (CONTINUED)

For the Year Ended March 31, 2004

| | <u>Budget</u> | <u>Actual</u> |
|----------------------------|---------------|---------------|
| <u>BOARD OF REVIEW</u> | | |
| Salaries and wages | \$ 200 | \$ 307 |
| Miscellaneous | 250 | 47 |
| TOTAL BOARD OF REVIEW | \$ 450 | \$ 354 |
| <u>TOWNSHIP TREASURER</u> | | |
| Salaries and wages | \$ 7,425 | \$ 8,085 |
| Office supplies | 2,500 | 3,477 |
| Travel | 100 | - |
| Miscellaneous | 300 | 23 |
| TOTAL TOWNSHIP TREASURER | \$ 10,325 | \$ 11,585 |
| <u>TOWNSHIP HALL</u> | | |
| Salaries and wages | \$ 37,000 | \$ 33,018 |
| Operating supplies | 2,000 | 1,121 |
| Office supplies | 3,000 | 3,756 |
| Repair and maintenance | 2,000 | 963 |
| Equipment rental | - | - |
| Travel | 100 | 52 |
| Telephone | 2,700 | 3,154 |
| Utilities | 9,000 | 8,868 |
| Miscellaneous | 100 | 8 |
| Capital outlay | - | - |
| TOTAL TOWNSHIP HALL | \$ 55,900 | \$ 50,940 |
| <u>GARAGE AND VEHICLES</u> | | |
| Salaries and wages | \$ 25,600 | \$ 35,321 |
| Operating supplies | 3,000 | 4,013 |
| Vehicle expense | 4,000 | 4,494 |
| Repair and maintenance | 3,000 | 3,826 |
| Utilities and telephone | 2,300 | 4,703 |
| Miscellaneous | 500 | 7 |
| Capital outlay | - | - |
| TOTAL GARAGE AND VEHICLES | \$ 38,400 | \$ 52,364 |

TILDEN TOWNSHIP - GENERAL FUND
 STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES (CONTINUED)
 For the Year Ended March 31, 2004

| | <u>Budget</u> | <u>Actual</u> |
|-----------------------------|---------------|---------------|
| <u>ANIMAL CONTROL</u> | | |
| Salaries and wages | \$ - | \$ 482 |
| Other | 100 | 20 |
| TOTAL ANIMAL CONTROL | \$ 100 | \$ 502 |
| <u>PLANNING AND ZONING</u> | | |
| Salaries and wages | \$ 300 | \$ 200 |
| Operating supplies | 125 | 283 |
| TOTAL PLANNING AND ZONING | \$ 425 | \$ 483 |
| <u>HIGHWAYS AND STREETS</u> | | |
| Contractual services | \$ 20,000 | \$ 22,709 |
| TOTAL HIGHWAYS AND STREETS | \$ 20,000 | \$ 22,709 |
| <u>PARKS AND RECREATION</u> | | |
| Salaries and wages | \$ 3,000 | \$ 1,107 |
| TOTAL PARKS AND RECREATION | \$ 3,000 | \$ 1,107 |
| <u>OTHER</u> | | |
| Social security taxes | \$ 10,000 | \$ 10,456 |
| Unemployment compensation | 3,000 | 1,798 |
| Employee benefits | 20,600 | 24,302 |
| Pension | 6,400 | 6,900 |
| Insurance and bonds | 15,200 | 18,656 |
| Professional fees | 3,950 | 2,081 |
| Community promotion | 300 | - |
| Miscellaneous | 5,000 | 3,806 |
| TOTAL OTHER | \$ 64,450 | \$ 67,999 |
| TOTAL EXPENDITURES | \$ 256,561 | \$ 267,657 |

TOWNSHIP OF TILDEN

SPECIAL REVENUE FUNDS

BALANCE SHEET

March 31, 2004

ASSETS

| | Road Fund | Fire Garbage Recreation | Total |
|-----------------------------|--------------|-------------------------------|-------------|
| | ----- | ----- | ----- |
| Cash on hand and in banks | \$ 60,960 | \$ 105,454 | \$ 166,414 |
| Investments | 742,600 | - | 742,600 |
| Accounts receivable | - | 98 | 98 |
| Delinquent taxes receivable | 2,051 | 2,034 | 4,085 |
| Due from other funds: | | | |
| General Fund | 18,999 | 10,929 | 29,928 |
| Water Fund | 164,516 | - | 164,516 |
| Other funds | - | 1,000 | 1,000 |
| | ----- | ----- | ----- |
| TOTAL ASSETS | \$ 989,126 | \$ 119,515 | \$1,108,641 |
| | ===== | ===== | ===== |

LIABILITIES AND FUND BALANCE

| | | | |
|------------------------------------|------------|------------|-------------|
| Liabilities | | | |
| Accounts payable | \$ 2,807 | \$ 5,066 | \$ 7,873 |
| Due to other funds | 1,000 | - | 1,000 |
| | ----- | ----- | ----- |
| TOTAL LIABILITIES | \$ 3,807 | \$ 5,066 | \$ 8,873 |
| Fund balance: | | | |
| Unreserved | \$ 242,719 | \$ 114,449 | \$ 357,168 |
| Reserved | 742,600 | - | 742,600 |
| | ----- | ----- | ----- |
| TOTAL FUND BALANCE | \$ 985,319 | \$ 114,449 | \$1,099,768 |
| | ----- | ----- | ----- |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 989,126 | \$ 119,515 | \$1,108,641 |
| | ===== | ===== | ===== |

TOWNSHIP OF ELY

SPECIAL REVENUE FUNDS

STATEMENT OF INCOME, EXPENSES , AND CHANGES IN FUND BALANCES

Year ended March 31, 2004

| | Road Fund | Fire Garbage Recreation | Total |
|--|--------------|-------------------------------|-------------|
| | ----- | ----- | ----- |
| INCOME | | | |
| Current tax collections | \$ 16,268 | \$ 14,853 | \$ 31,121 |
| Specific ore tax | 67,366 | 66,396 | 133,762 |
| Delinquent tax collections and interest | 129 | 87 | 216 |
| Interest on investments | 21,639 | 1,477 | 23,116 |
| Reimbursements | 1,498 | 7,671 | 9,169 |
| | ----- | ----- | ----- |
| TOTAL INCOME | \$ 106,900 | \$ 90,484 | \$ 197,384 |
| EXPENSES | | | |
| Sanitation: | | | |
| Contractual services | \$ - | \$ 20,933 | \$ 20,933 |
| Landfill | - | 6,132 | 6,132 |
| Transfer station | - | 22,724 | 22,724 |
| Streets and roads: | | | |
| Operating supplies | 269 | - | 269 |
| Contractual services | 34,284 | - | 34,284 |
| Fire: | | | |
| Contractual services | - | 20,728 | 20,728 |
| Hydrant rental | - | 3,000 | 3,000 |
| Other | - | 889 | 889 |
| Parks and Recreation | - | 10,396 | 10,396 |
| | ----- | ----- | ----- |
| TOTAL EXPENSES | \$ 34,553 | \$ 84,802 | \$ 119,355 |
| | ----- | ----- | ----- |
| NET INCOME (LOSS) | \$ 72,347 | \$ 5,682 | \$ 78,029 |
| Fund balance at April 1, 2003 | 912,972 | 108,767 | 1,021,739 |
| | ----- | ----- | ----- |
| FUND BALANCE AT MARCH 31, 2004 | \$ 985,319 | \$ 114,449 | \$1,099,768 |
| | ===== | ===== | ===== |

TILDEN TOWNSHIP - WATER FUND

STATEMENT OF INCOME, EXPENSES, AND CHANGES
IN RETAINED EARNINGS - BUDGET AND ACTUAL

For the year ended March 31, 2004

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|-----------|-------------|--|
| | ----- | ----- | ----- |
| OPERATING INCOME - Water charges | \$ 64,200 | \$ 65,909 | \$ 1,709 |
| OPERATING EXPENSES | | | |
| Salaries and wages | \$ 23,890 | \$ 11,581 | \$ 12,309 |
| Payroll taxes | 1,600 | 882 | 718 |
| Pension | 1,200 | 553 | 647 |
| Operating supplies | 3,000 | 1,697 | 1,303 |
| Water purchases and testing | 6,600 | 28,615 | (22,015) |
| Contractual services | 2,000 | 180 | 1,820 |
| Utilities and telephone | 7,600 | 12,975 | (5,375) |
| Repair and maintenance | 3,000 | 1,266 | 1,734 |
| Other operating expenses | 2,100 | 2,351 | (251) |
| Provision for depreciation | 4,500 | 16,923 | (12,423) |
| System upgrade | 6,000 | - | 6,000 |
| | ----- | ----- | ----- |
| TOTAL OPERATING EXPENSES | \$ 61,490 | \$ 77,023 | \$ (15,533) |
| | ----- | ----- | ----- |
| OPERATING PROFIT (LOSS) | \$ 2,710 | \$ (11,114) | \$ (13,824) |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Interest on investments | \$ 100 | \$ 10 | \$ (90) |
| Interest expense | (600) | (218) | 382 |
| | ----- | ----- | ----- |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | \$ (500) | \$ (208) | \$ 292 |
| | ----- | ----- | ----- |
| NET INCOME (LOSS) | \$ 2,210 | \$ (11,322) | \$ (13,532) |
| | ===== | | ===== |
| Retained earnings at April 1, 2003 | | 105,890 | |
| | | ----- | |
| RETAINED EARNINGS AT MARCH 31, 2004 | | \$ 94,568 | |
| | | ===== | |

TOWNSHIP OF TILDEN
 TRUST AND AGENCY FUNDS
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 March 31, 2004

| | Trust and Agency | Current Tax Collection Account | Total |
|---------------------|---------------------|--------------------------------------|--------|
| | ----- | ----- | ----- |
| ASSETS | | | |
| Cash in bank | \$ 157 | \$ - | \$ 157 |
| | ----- | ----- | ----- |
| TOTAL ASSETS | \$ 157 | \$ - | \$ 157 |
| | ===== | ===== | ===== |
| LIABILITIES | | | |
| Due to general fund | \$ - | \$ - | \$ - |
| Due to others | 157 | - | 157 |
| | ----- | ----- | ----- |
| TOTAL LIABILITIES | \$ 157 | \$ - | \$ 157 |
| | ===== | ===== | ===== |

TOWNSHIP OF TILDEN
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended March 31, 2004

| | Balance at April 1, 2003 | Additions | Deductions | Balance at March 31, 2004 |
|---|-----------------------------|-----------|------------|------------------------------|
| | ----- | ----- | ----- | ----- |
| TRUST AND AGENCY FUND | | | | |
| ASSETS | | | | |
| Cash in bank | \$ 224 | \$ 260 | \$ 327 | \$ 157 |
| | ===== | ===== | ===== | ===== |
| LIABILITIES | | | | |
| Due to General Fund | \$ - | \$ | \$ | \$ - |
| Due to Road Fund | - | | | - |
| Due to Fire, Garbage and Recreation Fund | - | | | - |
| Due to others | 224 | 260 | 327 | 157 |
| | ----- | ----- | ----- | ----- |
| TOTAL LIABILITIES | \$ 224 | \$ 260 | \$ 327 | \$ 157 |
| | ===== | ===== | ===== | ===== |

CURRENT TAX COLLECTION ACCOUNT

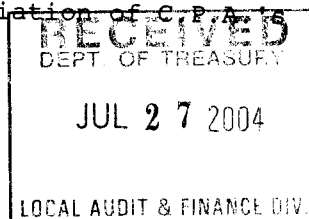
| | | | | |
|---|----------|--------------|--------------|-------|
| ASSETS | | | | |
| Cash in bank | \$ 2,642 | \$ 2,327,652 | \$ 2,330,294 | \$ - |
| | ===== | ===== | ===== | ===== |
| LIABILITIES | | | | |
| Due to General Fund | \$ 2 | \$ 143,805 | \$ 143,807 | \$ - |
| Due to Road Fund | - | 81,508 | 81,508 | - |
| Due to Fire, Garbage and Recreation Fund | - | 79,142 | 79,142 | - |
| Due to Schools | - | 639,878 | 639,878 | - |
| Due to County | 2,640 | 714,097 | 716,737 | - |
| Due to State of Michigan | - | 669,222 | 669,222 | - |
| | ----- | ----- | ----- | ----- |
| TOTAL LIABILITIES | \$ 2,642 | \$ 2,327,652 | \$ 2,330,294 | \$ - |
| | ===== | ===== | ===== | ===== |

THOMAS R. FLEURY
Certified Public Accountant

Telephone (906) 486-4496
Facsimile (906) 486-6916

595 Washington Street
P. O. Box 267
Ishpeming, Michigan 49849

Member
American Institute of C.P.A.'s
Michigan Association of C.P.A.'s



July 12, 2004

The Honorable Supervisor and
Members of the Township Board
Township of Tilden
National Mine, Michigan

I have audited the general purpose financial statements of the Township of Tilden for the year ended March 31, 2004 and have issued my report thereon dated July 12, 2004. As part of my audit, I made a study and evaluation of the internal accounting control system to the extent I considered necessary to determine the nature, timing and extent of my auditing procedures. During my evaluation, I observed the following areas that require improvement or change in order to improve internal accounting controls.

RECORDING OF CASH ACTIVITY

The cash records of the Clerk and Treasurer are not being reconciled on a monthly or timely basis. Although the differences were small, this created problems at year end and required additional audit time to correct any errors that occurred during the year. The audit was started on June 10, 2004 and at that time, not all of the March 31, 2004 bank reconciliation had been completed and year end entries for interest had not been recorded.

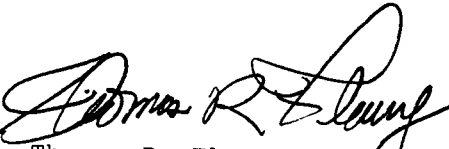
MONTHLY BUDGET REPORTS

A very important accounting tool for the Township Board is a monthly budget report. This report allows the Township Board to monitor revenues and expenditures and compare them to the budget amounts that were approved at the beginning of the year. It also allows for the amending of those budgets when necessary. During the year ended March 31, 2004, the original budget was not amended and the Township had exceeded the budget in the following areas:

| General Fund | Actual Expenditures | Amount Budgeted | Variance |
|--------------------------------|------------------------|--------------------|-----------|
| Assessor | \$ 39,978 | \$ 39,300 | \$ 678 |
| Treasurer | 11,585 | 10,325 | 1,260 |
| Garage & Vehice | 52,364 | 38,400 | 13,964 |
| Animal Control | 502 | 100 | 402 |
| Planning & Zoning | 483 | 425 | 58 |
| Highways & Streets | 22,709 | 20,000 | 2,709 |
| Other | 67,999 | 64,450 | 3,549 |
| Special Revenue Fund | | | |
| Police | \$ 34,284 | \$ 33,000 | \$ 1,284 |
| Fire Protection | 24,617 | 23,928 | 689 |
| Sanitation | 49,789 | 45,992 | 3,797 |
| Parks & Recreation | 10,396 | 5,200 | 5,196 |
| Water Fund | | | |
| Water Purchases and Testing | \$ 28,615 | \$ 6,600 | \$ 22,015 |
| Utilites & Telephone | 12,975 | 7,600 | 5,375 |
| Other | 2,351 | 2,100 | 251 |
| Provision for Depreciation | 16,923 | 4,500 | 12,423 |

It is a violation of the Michigan Budgeting and Accounting laws to expend more than has been budgeted and it is imperative that budgets be reviewed and amended in the future.

Sincerely,


Thomas R. Fleury, C.P.A.